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SECORD SAYS HIGH OFFICIALS HELPED HIM SUPPLY CONTRAS DESPITE BAN ON U.S. ARMS AID

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WASHINGTON, May 5 — The first witness at the Congressional hearings on the Iran-contra affair, Maj. Gen. Richard V. Secord, testified today that Government officials including William J. Casey, then Director of Central Intelligence, helped in the operation to supply weapons to the Nicaraguan rebels after Congress had prohibited such aid.

General Secord also testified that only about \$3.5 million of the \$12 million in profits from the sale of arms to Iran was actually spent on behalf of the contras. More than half of the money, he said, was kept by his business partner, Albert Hakim, and part of the rest was used for a secret project unrelated to Iran or Nicaragua that he did not identify.

"We believed our conduct was in the furtherance of the President's policies," General Secord asserted, speaking of himself and his colleagues in the various transactions. "I also understood that this Administration knew of my conduct and approved it."

First Account by Participant

This was the first detailed, public accounting by an actual participant in the operation of how the proceeds from the arms sales were used.

General Secord's testimony is to resume Wednesday. Today, he made these other points:

¶ He was first asked by Lieut. Col. Oliver L. North in 1984 to work with the National Security Council's covert program to obtain and supply weapons for the contras.

¶ He believed he was working on behalf of and with the full backing of the Reagan Administration.

¶ Officials of the C.I.A. and the State Department in Central America assisted his efforts to supply the contras with weapons.

¶ He was told, but did not know first-hand, that Vice President Bush was apprised of the contra-supply operation.

¶ Last year, Government officials in El Salvador voiced objections about the use of their country in the supply operation.

¶ He worked extensively with Israeli arms merchants to arrange an arms

shipment to Iran.

General Secord, who is retired from the Air Force and who was a Deputy Assistant Secretary of Defense early in the Reagan Administration, was testifying voluntarily. He began his testimony this afternoon after a morning session devoted to solemn speeches by the members of the investigative committees.

General Secord said he had originally refused to testify because he felt "abandoned" by Attorney General Edwin Meese 3d and other top officials of the Administration, and because his "instincts were self-protective."

"With the passage of time," he said, he reconsidered.

Spectators Lined Up

The Senate Caucus Room, the stage for the Senate Watergate hearings and many other memorable political events, was jammed for the opening session. Hundreds of spectators lined up for the 50 or so unassigned seats, hoping to witness an important chapter in American history.

"These hearings," said the chairman of the Senate panel, Daniel K. Inouye, in his opening address, "will examine what happens when the trust which is the lubricant of our system is breached by high officials in the Government."

"The story is not a pretty one," he continued. "As it unfolds, the American people will have every right to ask, 'How could this have happened here?' Indeed, it never should have happened at all."

The committees, whose joint hearings are expected to last at least through the middle of August, called General Secord as the first witness in the hope that he could provide an overview of the whole affair.

Recalls Trip to Europe

He seemed prepared to comply. Testifying with a steady, matter-of-fact tone, he told of being recruited in 1984 by Lieut. Col. Oliver L. North, then a White House national security assistant, to obtain weapons for the struggling rebels in Nicaragua. He also described how he was sent to Europe in 1985 to try to resurrect an arms shipment to Iran that had gone awry.

With the exception of Colonel North and perhaps Rear Adm. John M. Pindexter, President Reagan's former national security adviser, no other witness is likely to have evidence of so many different aspects of the affair.

General Secord said he was not "ashamed" of anything he had done, and he said "unconventional methods" were necessary "because conventional wisdom had been exhausted."

He said that he met on three occasions with Mr. Casey, the Director of Central Intelligence until he became ill

last December, and that Mr. Casey had encouraged his activities.

The general said he had received intelligence information or other support for the effort to supply arms to the contras from senior C.I.A. officials in Costa Rica and Honduras and received "moral support" from the United States Ambassadors in Costa Rica and El Salvador. He also said senior United States military officers in El Salvador were aware of the program.

In addition, under questioning from the chief counsel of the House investigative committee, General Secord testified that he understood Vice President Bush had been told about the contra supply operation during a meeting in Washington.

General Secord said that Felix Rodriguez, a former C.I.A. operative who served as a liaison between him and the Nicaraguan rebels, became dissatisfied with the operation and came to Washington to complain.

Mr. Rodriguez, according to the General, met with Vice President Bush's national security adviser, Donald Gregg. General Secord said he was told, but did not have first-hand knowledge, that Mr. Rodriguez then met with Mr. Bush as well.

But a spokesman for the Vice President said Mr. Bush did not attend the meeting in question. Mr. Bush has said repeatedly that he was unaware of the covert program to supply the contras.

General Secord was not specific about the kind of intelligence Mr. Casey provided, but he said it was not

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as much as he wanted.

"I was never able to get the professional intelligence product I was accustomed to having," he testified.

General Secord said he took his orders from Colonel North, who was discharged from the White House staff last November after the arms sale and the diversion of proceeds to the contras became known.

He said Colonel North had given him and those working with him sophisticated code machines that look like laptop computers. Several messages between General Secord and Colonel North that were written on the machines were submitted into evidence today, an indication of the extensive documentary material the investigators have accumulated.

One of those messages involved the purchase of a ship to be used in a United States Government project not related to Iran or Nicaragua.

General Secord did not identify the project, although some people said they believed it involved Libya. "The mission they had for the ship was extremely dangerous," General Secord said. Slightly more than \$1 million

from the Iran arms sales was used to buy the ship, he said.

General Secord testified without immunity from prosecution. He said he had legal opinions that his contra supply operation was within the law, but other authorities have suggested otherwise.

A person close to the general said that after invoking his Fifth Amendment right against self-incrimination and refusing to testify in other investigative forums, he decided to come forward because he thought it would help his legal position if he cooperated.

Under questioning from John W. Nields Jr., chief counsel for the House committee, General Secord described what happened to the \$30 million paid by Iran for American missiles and other weapons.

About \$12.3 million, he said, was given to the United States Treasury to pay for the arms. Another \$8 million is still in a Swiss bank account or in a fiduciary account for the "benefit" of Mr. Hakim, he said. Mr. Hakim, who arranged most of the financial transactions, is a partner with General Secord in a Virginia-based company called Stanford Technology Trading Group.

About \$3.5 million was diverted to assist the contras, \$3 million went for expenses connected with the delivery of the arms to Iran, slightly more than \$1 million was used to buy the ship for the unidentified project in a third country and for other unidentified projects, and about \$2.5 million is still unaccounted for.